



*Administrator
Washington, DC 20201*

OCT 31 2002

Mr. Mike Robinson
Commissioner
Cabinet for Health Services
Department for Medicaid Services
275 East Main Street, 6th Floor
Frankfort, KY 40621-0001

Dear Mr. Robinson:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) is approving Kentucky's request to extend the Medicaid section 1115 demonstration, project number 11-W-0000-5/4 -01 known as "The Partnership," for an additional 3 years, from November 1, 2002, through October 31, 2005. This approval permits the continuation of the Partnership demonstration subject to the enclosed Special Terms and Conditions.

This approval is contingent upon the State's notifying CMS of its written acceptance of this award within 30 days from the date of this letter.

If you have any questions regarding this approval, please contact Ms. Maria Sotirelis, Project Officer at (410) 786-0552 or via e-mail at MSotirelis@cms.hhs.gov. Communications regarding program and administrative matters should be submitted to the project officer at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Family and Children's Health Programs Group
Division of Integrated Health Services
7500 Security Boulevard, Mailstop S2-01-16
Baltimore, MD 21244

We extend our congratulations on the continued success of this project.

Sincerely,

/s/

Thomas A. Scully

Enclosure

Section 1115 Demonstration Project, No. 11-W-0000-5/4-01
Kentucky Partnership Demonstration

Under the authority of section 1115 (a)(1) of the Social Security Act (the Act), the following waivers of provisions of the Act are in effect to enable Kentucky to carry out the demonstration.

1. Amount, Duration, and Scope of Services 1902(a)(10)(B)

To the extent the State may offer a different benefit package to the demonstration participants than is being offered to the traditional non-demonstration participants.

2. Statewideness 1902(a)(1)

To the extent that the Partnership demonstration may be implemented on a sub-state basis.

3. Freedom of Choice 1902(a)(23)

To the extent the State may restrict freedom-of-choice of provider for the demonstration participants. Participants will be restricted to a single plan, and may change primary care providers within the plan after six months. For family planning services, participants will be restricted to those services made available within the Partnership.

4. Retroactive Eligibility 1902(a)(34)

To the extent that the State need not provide retroactive eligibility for demonstration participants under the Partnership.

5. Payment of Federally Qualified Health Centers (FQHCs) 1902(aa)
and Rural Health Clinics (RHCs) 1902(a)(15)

To the extent that FQHCs and RHCs in the Partnership may not be paid under a prospective payment system and the State is not subject to a supplemental payment to FQHCs and RHCs.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State under the Kentucky Health Care Partnership amendment for the items specified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the State's title XIX plan.

- Guaranteed Eligibility
Expenditures for providing up to six months of guaranteed eligibility from the date of initial eligibility to demonstration participants who lose eligibility for Medicaid benefits.
- Expenditures for capitation payments provided to managed care organizations which restrict enrollees' rights to disenroll within 90 days of enrollment into a new Managed Care Organization, as designated under Section 1903 (m)(2)(A)(vi) and Section 1932 (a)(4).